

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2390.

LISTED OCTOBER 29, 1969.

2,776,500 Shares without par value of which  
151,500 Shares are subject to issuance.

Stock Symbol "CFS".

Post Section 7.4.

Dial Quotation No. 2301.

# THE TORONTO STOCK EXCHANGE

## LISTING STATEMENT

### **CONTROLLED FOODS INTERNATIONAL LTD.**

Incorporated under the Laws of the State of Delaware by Certificate of Incorporation, filed February 20, 1969, as amended by Certificate of Amendment of Certificate of Incorporation, filed April 29, 1969.

#### CAPITALIZATION AS AT AUGUST 5th, 1969.

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Shares without par value	4,000,000	2,625,000	2,776,500 *
* of which 151,500 are subject to issuance.			
LONG TERM DEBT	AUTHORIZED OR TO BE AUTHORIZED	OUTSTANDING ON DECEMBER 31, 1968	OUTSTANDING ON AUGUST 5, 1969
Mortgage of subsidiaries:			
Controlled Foods Corporation Limited or its subsidiaries	\$961,165	\$818,446	\$765,941
Burger Family Inc.	117,510	110,984	96,442
Courtenay A & W Drive-In Ltd. or its subsidiaries	98,510	75,261	72,324
Notes payable by subsidiaries of Courtenay A & W Drive-In Ltd.			
7% Note payable—due April 1, 1972	71,000	71,000	53,250
8½ % Note payable—due April 1, 1972	150,000	123,750	113,750
8% Note payable—due December 31, 1973	255,000	255,000	187,500
Sundry Lien Notes of Subsidiaries due 1969 to 1972	—	110,477	67,569

August 5th, 1969.

## 1.

#### APPLICATION

CONTROLLED FOODS INTERNATIONAL LTD. (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 2,776,500 shares without par value in the capital stock of the Company of which 2,625,000 have been issued and are outstanding as fully paid and non-assessable. The remaining 151,500 included in this application have been reserved as follows:

Underwriters' stock option at \$6.50 per share expiring June 26, 1972 (Agreement July 17, 1969)	21,500
Reserved for Employees stock purchase plan	130,000
	151,500

## 2.

#### REFERENCE TO PROSPECTUS

Reference is hereby made to the attached Prospectus issued by the Company, dated June 26, 1969, with respect to the offering of 285,000 shares without par value, a copy of which Prospectus is hereby incorporated in this application and made part hereof.

## 3.

## HISTORY

The Company was incorporated under the Laws of the State of Delaware by Certificate of Incorporation filed February 20, 1969, under the name of Trivet International Ltd. The Company's name was changed to its present name and its authorized capital was increased by Certificate of Amendment of Certificate of Incorporation filed April 29, 1969. The Company is a holding company which, shortly after incorporation acquired all of the outstanding shares of the following Companies:

1. Burger Family Inc.—an Idaho Company which itself owns all of the issued shares of A & W Soda Shops Inc. and South Carolina Drive-Ins Inc., both South Carolina Companies, and seventy-five per cent of the issued shares of Burger Family Inn of Billings Inc., a Montana Company.

2. Controlled Foods Corporation Limited, an Ontario Company, which itself owns all of the issued shares of The Country Fare Restaurant Limited, an Ontario Company; A & W Drive-In (Sherbrooke) Ltd., a Québec Company; Buffalo Bill Steak Village Ltd., a Dominion Company; Chappy's Enterprises of Canada Ltd., a Dominion Company; and Hickory House Ltd., a Manitoba Company.

3. Chappy's Enterprises Inc., a Delaware Company.

4. Trivet Enterprises Ltd., a Dominion Company.

5. Courtenay A & W Drive-In Ltd., a British Columbia Company, which itself owns all of the issued shares of Langley A & W Drive-In Ltd. and Chilliwack A & W Drive-In Ltd., both British Columbia Companies.

## 4.

## NATURE OF BUSINESS

The Company is a holding company whose only assets, other than monies in the bank, are all of the issued and outstanding shares, other than Directors' qualifying shares of the aforementioned subsidiary Companies except Burger Family Inn of Billings Inc. of which 75% of the issued shares are owned. For details of the operations of the subsidiary Companies, see Item 10, dealing with subsidiary Companies. The Company and its subsidiaries employ approximately 1,500 employees.

## 5.

## INCORPORATION

The Company was incorporated under the Laws of the State of Delaware by Certificate of Incorporation, filed February 20, 1969, with an authorized capital of 1,000,000 shares without par value. By amendment to the Certificate of Incorporation, filed the 29th day of April, 1969, the name of the Company was changed from Trivet International Ltd. to Controlled Foods International Ltd., and the authorized capital was increased to 4,000,000 shares without par value.

## 6.

## SHARE ISSUES DURING PAST TEN YEARS

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Amount Realized Per Share</u>	<u>Total Amount Realized or Other Consideration in Lieu of Money</u>	<u>Purpose of Issue</u>
March 31, 1969	573,495*			Exchange of shares on a pooling of interest basis
March 31, 1969	63,722*	\$3.85	\$245,330.00 cash	To acquire working capital
April 23, 1969	1,638,000			Exchange of shares on a pooling of interest basis
July 17, 1969	285,000	\$6.2075	\$1,769,137.00	To add to the working capital of the Company, finance its expansion and retire bank indebtedness

\* These shares totalling 637,217, were subdivided in May, 1969, in 702,000 shares.

## 7.

## STOCK PROVISIONS AND VOTING POWERS

Each share without par value carries one vote at all meetings of the shareholders.

## 8.

## DIVIDEND RECORD

The Company has not paid any dividend on its shares.

## 9.

## RECORD OF PROPERTIES

The Company is a holding company and actually owns no property. The location of properties owned or leased by its subsidiaries is shown on page 6 of the attached Prospectus. Reference is also made to the information under the heading "Capitalization" on page 7 of the attached Prospectus, for information as to mortgages. The Company is presently modernizing many of its older buildings.

## SUBSIDIARY COMPANIES

The following are the subsidiaries of the Company. All of the issued shares of the following subsidiaries are owned by the Company.

Name, Date, and Place of Incorporation	Authorized Share Capital	Issued Share Capital
Burger Family Inc. (Idaho, June 18, 1959)	1,000,000 no par value shares	395,000
Chappy's Enterprises Inc. (Delaware, February 20, 1969)	100,000 shares of no par value	200
Golden Trivet of Canada Ltd. (Canada, September 9, 1968)	50,000 common shares without par value	3
Courtenay A & W Drive-In Ltd. (British Columbia, March 2, 1966)	50,000 shares without par value — maximum consideration \$12.00 per share	41,327
Trivet Enterprises Ltd. (Canada, December 8, 1968)	200,000 common shares without par value	3
Controlled Foods Corporation Limited (Ontario, December 31, 1968)	6,000,000 common shares without par value	5,093,408

The following are the subsidiaries of Controlled Foods Corporation Limited. All of the issued shares of the following Companies are owned by Controlled Foods Corporation Limited.

The Country Fare Restaurant Limited (Ontario, September 25, 1963)	\$40,000.00 divided into 3,600 preference shares—par value \$10.00 each and 4,000 common shares without par value	100 common shares without par value
A & W Drive-In (Sherbrooke) Ltd. (Québec, April 3, 1964)	\$20,000.00 of which 2,000 common shares, par value \$1.00 each and 1,800 preference shares—par value \$10.00 each	100 common shares
Chappy's Enterprises of Canada Ltd. (Canada, February 27, 1969)	100,000 common shares without par value	3 shares
Buffalo Bill Steak Village Ltd. (Canada, March 15, 1965)	\$50,000.00 divided into 1,000 preference shares with a par value of \$40.00 each and 10,000 common shares without par value	200 common shares
Hickory House Ltd. (Manitoba, July 31, 1968)	20,000 common shares without par value	500 shares

The following Companies are subsidiaries of Burger Family Inc. All of the shares of A & W Soda Shops Inc. and South Carolina Drive-Ins Inc. are owned by Burger Family Inc. Seventy-five per cent of the issued shares of Burger Family Inn of Billings Inc. are owned by Burger Family Inc.

Burger Family Inn of Billings Inc. (Montana)	50,000 shares, par value \$1.00	5,625 shares issued to Burger Family Inc. and 1,875 shares to Gordon E. Bolte
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A & W Soda Shops Inc.  
(South Carolina, January 22, 1963)

South Carolina Drive-Ins Inc.  
(South Carolina, August 31, 1969)

The following Companies are wholly-owned subsidiaries of Courtenay A & W Drive-In Ltd.

Chilliwack A & W Drive-In Ltd.

Langley A & W Drive-In Ltd.

## FUNDED DEBT

Reference is made to the particulars set forth in note 6 of the Financial Statements in the Prospectus. The note is to be found on page 21 of the attached Prospectus.

## 12. OPTIONS, UNDERWRITINGS, ETC.

Reference is made to the material under the heading "Underwriting" on page 7 and "Options to Purchase Shares" on page 8 of the attached Prospectus.

There are no issued shares of the Company held for the benefit of the Company.

Reference is made to the material under the heading "Shares held in Escrow" on page 8 of the attached Prospectus.

## 13. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other stock exchange.

14.

## STATUS UNDER SECURITIES ACTS

The 285,000 shares without par value offered for sale by the attached Prospectus, referred to in paragraph 2 above, were qualified for sale to the public under the Laws of the Provinces of Canada (other than Prince Edward Island and Newfoundland) through appropriate registrants registered under the applicable laws of such Provinces.

15.

## FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

16.

## ANNUAL MEETINGS

The by-laws of the Company provide that the annual meeting of stockholders shall be held at the Administrative Offices of the Company in the City of Winnipeg or such other place as the Directors shall determine, provided that the annual meeting of stockholders of the Company shall be held on the first Friday in March of each year beginning with the year 1970 at Winnipeg, in the Province of Manitoba. No annual meeting of shareholders of the Company has yet been held.

17.

## HEAD AND OTHER OFFICES

The registered office of the Company in the State of Delaware is to be located at 900 Market Street, in the City of Wilmington, in the County of New Castle. Its chief administrative offices are located at 2727 Portage Avenue, Winnipeg, Manitoba.

18.

## TRANSFER AGENT

The Transfer Agent of the Company is: Canada Permanent Trust Company at its offices in Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver.

19.

## TRANSFER FEE

No fee is charged on stock transfers other than the customary government stock transfer taxes.

20.

## REGISTRAR

The Registrar of the Company is: Canada Permanent Trust Company, 1907 Yonge Street, Toronto 7, Ontario.

21.

## AUDITORS

The auditors of the Company are: Clarkson Gordon & Co., 36 James Street South, Hamilton, Ontario.

22.

## OFFICERS

The Officers of the Company are:

<u>Name</u>	<u>Office</u>	<u>Home Address</u>
David Wynn Thomas	Chairman of the Board	1015 David Street Niagara Falls, Ontario
Richard Frederick Bolte	President	417 Bower Boulevard Winnipeg, Manitoba
James Alfred Cox	Executive Vice-President and Secretary	7911 93B Avenue Edmonton, Alberta
Kenneth Alfred Fowler	Vice-President	R.R. #3 St. Catharines, Ontario
LeRoy Earl Fuller	Vice-President	3490 Cypress Street Vancouver 9, British Columbia
Donald Joseph Dal Bianco	Treasurer	91 Marsdale Drive St. Catharines, Ontario

23.

## DIRECTORS

The Directors of the Company are:

<u>Name</u>	<u>Home Address</u>
David Wynn Thomas	1015 David Street, Niagara Falls, Ontario
Richard Frederick Bolte	417 Bower Boulevard, Winnipeg, Manitoba
James Alfred Cox	7911 93B Avenue, Edmonton, Alberta
Kenneth Alfred Fowler	R.R. #3, St. Catharines, Ontario
LeRoy Earl Fuller	3490 Cypress Street, Vancouver 9, British Columbia
Donald Joseph Dal Bianco	91 Marsdale Drive, St. Catharines, Ontario
Ray Coye Bass	Apt. 17H, Woodmeyere Apartments, Highway 1-26, Columbia, South Carolina
John Thomas Burnett	509A Claremont Avenue, Montreal, Québec
Jerroll Russell Johnston	20241 Ruston Road, Woodland Hills, California
Joseph Clement Murphy	278 Lytton Boulevard, Toronto 12, Ontario
Ross James Turner	1407 Chartwell Drive, West Vancouver, British Columbia

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

These securities are offered by this prospectus only in jurisdictions where these securities may be lawfully offered.

New Issue



## CONTROLLED FOODS INTERNATIONAL LTD.

(Incorporated under the laws of Delaware)

**285,000 Shares**

(without par value)

The shares offered by this prospectus are being sold by the Company. There is at present no quoted market for the shares of the Company.

Before the completion of this financing the book value of the net tangible assets of the Company on the "pooling of interests" basis was \$.66 per share. Upon completion of this financing the book value of the net tangible assets of the Company on the "pooling of interests" basis will be \$1.23 per share. The purchasers buying shares at \$6.50 per share are suffering an immediate dilution in the book value of their shares of \$5.27 per share.

**Price: \$6.50**

An application has been made to list the shares of the Company on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

We, as principals, offer these shares, subject to prior sale, if, as and when issued by the Company and accepted by us and subject to the approval of counsel as to all legal matters.

	Price to Public	Underwriter's Discount (1)	Proceeds to Company (2)
Per Share.....	\$6.50	\$ .2925	\$6.2075
Total.....	\$1,852,500	\$83,363	\$1,769,137

(1) The Underwriter has been granted a three year option on 21,500 shares at a price of \$6.50 per share.

(2) Before deducting expenses of issue estimated at \$85,000.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates will be available for delivery on or about July 17, 1969.

## Burns Bros. and Denton Limited

**Toronto**

**Ottawa**

**Hamilton**

**Montreal**

**Halifax**

**Saint John**

**Winnipeg**

**Edmonton**

**Calgary**

**Vancouver**

**London, England**

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## THE COMPANY

Controlled Foods International Ltd. (the "Company") was incorporated under the laws of the State of Delaware by certificate of incorporation dated February 20, 1969, under the name Trivet International Ltd. The Company's name was changed to its present name and its authorized capital was increased by amendment to its certificate of incorporation dated April 29, 1969.

The registered office of the Company is located at 900 Market Street, Wilmington, Delaware, and its chief administrative office is located at 2727 Portage Avenue, Winnipeg, Manitoba.

As described under "Business", the Company is a holding company which through its subsidiaries in Canada and the United States is engaged in the business of operating fast food, limited menu restaurants, and the franchising of and wholesale supply of goods and equipment to restaurants. The Company and its wholly owned subsidiaries are sometimes collectively referred to as "Controlled Foods".

## CORPORATE HISTORY

Shortly after its incorporation, the Company acquired all the outstanding shares of the following companies:

- Burger Family, Inc., an Idaho company, whose business is the wholesale supply of goods and equipment to over 1,000 franchised restaurant operators;
- Controlled Foods Corporation Limited, an Ontario company, which itself and through subsidiaries operates 44 restaurants in Canada including 30 drive-in restaurants under the "A & W" name; and
- Courtenay A & W Drive-In Limited, a British Columbia company, which itself and through subsidiaries operates 13 drive-in restaurants under the "A & W" name.

In March 1969 Burger Family, Inc. acquired all the outstanding shares of South Carolina Drive-Ins, Inc. and A & W Soda Shops, Inc., South Carolina companies, together with certain lands. Burger Family, Inc. and its subsidiaries operate 10 fast food outlets in the Carolinas and Montana under the names of "Burger Family", "Burger Castle", "Chappy's" and "A & W".

Controlled Foods Corporation Limited was formed by the amalgamation on December 31, 1968 of 11 private Ontario companies operating 23 drive-in restaurants in Southern Ontario. Since that date Controlled Foods Corporation Limited has acquired all of the outstanding shares of 2 companies operating a steak house in Western Canada and 2 drive-in restaurants in Quebec and the assets of 12 Alberta companies operating 9 drive-in restaurants in Alberta. Five other restaurants have been opened recently.

Further particulars in connection with these transactions and others are set forth under the heading "Interest of Directors and Others in Material Transactions" on page 11.

## BUSINESS

The business of Controlled Foods is divided into 2 main areas: the operation of fast food restaurants and the franchising by Controlled Foods of fast food restaurants under its own trade names.

### Operation of Fast Food Restaurants

#### A & W DRIVE-INS

Controlled Foods presently operates 43 A & W drive-in restaurants in Canada and 2 in the United States.

A & W drive-in restaurants have a standard limited menu featuring Burger Family hamburgers, A & W Root Beer and Orange, and in some cases Chubby Chicken. Each drive-in consists of a central building in which the food is prepared and adjoining parking facilities for approximately 40 to 50 cars where the customers are served. Of these drive-in locations, 15 are owned by Controlled Foods and the balance are held under leases, with initial terms varying up to 20 years. Several leases include options for renewal at the same or negotiated rentals for further terms of 5 to 10 years.

Franchises under which Controlled Foods operates its Canadian A & W drive-ins are granted by A & W Food Services of Canada Ltd. which is a wholly owned subsidiary of United Fruit Company of Boston, Massachu-

sets. Under the terms of these franchises, Controlled Foods purchases from A & W Food Services of Canada Ltd. certain supplies including A & W Root Beer and Orange, paper goods and equipment and pays an annual franchise fee which in the case of some units is based on gross operating revenues. A & W franchises are held in the names of individuals but Controlled Foods has the right to operate each unit in accordance with the franchise agreement.

Of the 45 A & W drive-ins now operated by Controlled Foods 20 have been opened in the last 5 years. Controlled Foods is now in the process of up-dating and remodelling some of its older A & W drive-ins in Canada and intends to open further A & W drive-ins in the future.

#### THE BURGER FAMILY

In the United States, Controlled Foods owns and operates 7 fast food outlets under "the Burger Family" and "Burger Castle" names. These restaurants feature the Burger Family products described under "Franchise Operations" on page 5.

Five of these restaurants are located in South Carolina, 1 in North Carolina and 1 in Billings, Montana. One is a restaurant providing facilities for ordering from tables by 'phone, and the others are self-serve cafeteria style operations.

The restaurant in Billings was opened in December 1968 and is the prototype for similar restaurants to be opened by Controlled Foods in the future. These restaurants will be coffee shop type operations and will provide indoor seating capacity for 125 to 200 persons in a uniquely styled building. They will feature the Burger Family products and will provide a wider menu including a steak dinner, a chicken dinner, a shrimp dinner, a variety of sandwiches and beverages and several special dessert items.

#### COFFEE SHOPS

Controlled Foods has recently opened a restaurant in Winnipeg, Canada, under the name of "Hickory House Coffee Shop". This restaurant provides indoor seating capacity for 90 persons. It features specially seasoned hamburgers under the name "Hickory Burger" and provides a variety of sandwiches, beverages and desserts. This restaurant has met with satisfactory results to date and Controlled Foods plans to develop and operate similar coffee shops in major cities in Canada. It is planned that these will have a seating capacity for 125 to 200 persons. Management is conducting studies at the present time to determine whether Controlled Foods should adopt one trade name for all its coffee shops in the United States and Canada. As indicated under the heading "Franchise Operations" Controlled Foods also intends to franchise coffee shops in Canada.

#### CHAPPY'S

As a further diversification of its fast food business, the Company has developed a new concept in fish and chip restaurants which will be operated under the name "Chappy's". Controlled Foods has recently opened 2 Chappy's prototypes, 1 in Winnipeg, Manitoba and 1 in Columbia, South Carolina. These restaurants are essentially "take-out" operations with a minimum of seating facilities and are stylized around a unified English theme.

It is anticipated that at least 5 other Chappy's units will be constructed in 1969 to be owned and operated by Controlled Foods directly. In addition, Controlled Foods plans to franchise "Chappy's" restaurants as described under "Franchise Operations".

#### OTHERS

In addition to the restaurant operations described above, Controlled Foods owns and operates 12 fast food outlets under a variety of names.

Six of these are operated under the name of "Country Fair", 3 under the name of "Robbies", 2 under the name of "McMurray's", all in Southern Ontario, and 1 under the name of "Buffalo Bill Steak Village" in Edmonton, Alberta.

All of these restaurants are profitable in their present form; however, management is studying ways to integrate them into Controlled Foods' business development plans, including the conversion of some into A & W franchised restaurants.

## **Franchise Operations**

### **WHOLESALE OPERATIONS**

Controlled Foods holds trademarks in the United States for the names and symbols of "the Burger Family", "Papa Burger", "Mama Burger", "Teen Burger" and "Baby Burger", although these names are not available to Controlled Foods as a franchisor in Canada. Under limited franchise agreements it has granted the use of such names to over 1,000 restaurant operators in the United States who merchandise hamburgers under these names. Controlled Foods supplies foil bags, seasonings, cups and other paper goods to these restaurant operators. Sales from this wholesaling operation in 1968 amounted to over \$1,000,000.

### **FRANCHISED RESTAURANTS**

In addition to developing its own restaurants Controlled Foods intends to franchise restaurants owned by others as Burger Family restaurants and Chappy's restaurants. Franchisees will be carefully selected and will be required to enter into lease agreements in cases of sites owned by Controlled Foods and site control agreements as to other sites. Controlled Foods will thus control and supervise the construction and design of buildings and facilities. The franchises will sell for an initial down payment plus a percentage of gross revenue each year. It is anticipated that the value of franchises will increase with the growth of operations. In addition, Controlled Foods intends to sell equipment and supplies to franchisees and thus expand its wholesale operations mentioned above.

Controlled Foods has already franchised 2 Burger Family restaurants, 1 in Springfield, and the other in St. Charles, Missouri and intends to franchise additional Burger Family restaurants in the United States.

In Canada, Controlled Foods will also market franchises for coffee shops outside the major urban centres and plans to develop its own operations in the major cities.

Chappy's restaurants will be franchised in both Canada and the United States, initially in areas surrounding those where Controlled Foods operates its own Chappy's. As the total cost of buying a Chappy's franchise and opening an outlet will be relatively small, it is expected that this type of franchise will appeal to the small entrepreneur and a rapid growth in this area is anticipated.

## **Operating Methods**

Controlled Foods has certain criteria by which it selects sites for expansion within specified geographic areas. It presently owns several sites for further development and has its own staff to arrange planning and construction of buildings and the purchase and installation of equipment.

Controlled Foods operates its restaurants through on-site managers and assistant managers under the direction of area supervisors and regional operations managers. All drive-in management personnel are trained in central training units to maintain Controlled Foods' standards and procedures.

Controlled Foods employs over 1,500 full and part time staff.

Controlled Foods co-operates with A & W Food Services of Canada Ltd. in a national advertising program covering all A & W drive-ins in Canada. In addition, through a full time merchandising manager, Controlled Foods provides supplemental local advertising for its A & W units in Canada and is developing a full program for its other units.

The Company maintains a creative department experienced in the fields of restaurant design, construction and operation. The functions of this department are to develop new concepts of fast food outlets suitable for operation and franchising by Controlled Foods.

## LOCATION OF PROPERTIES

Controlled Foods' restaurants are located as follows:

<u>Location</u>	Properties			
	A & W Operations		Other Operations	
	<u>Owned</u>	<u>Leased</u>	<u>Owned</u>	<u>Leased</u>
<b>QUEBEC</b>				
Granby.....			1	
Sherbrooke.....			1	
<b>ONTARIO</b>				
Belleville.....		1		
Brantford.....	1		1	1
Brockville.....	1			1
Cornwall.....	1			
Kingston.....	1			
London.....	2		1(a)	2
Mississauga.....			1	
Niagara Falls.....	1	1		
Oakville.....	1			
Oshawa.....			1	
Port Colborne.....		1		
Port Credit.....	1			
Richmond Hill.....				1
St. Catharines.....			2	1
Stratford.....	1			
Toronto.....				1
Trenton.....			1	
Welland.....			1	1
Woodstock.....		1		
<b>MANITOBA</b>				
Winnipeg.....			1	1
<b>ALBERTA</b>				
Edmonton.....	2		7(b)	1
<b>BRITISH COLUMBIA</b>				
Abbotsford.....			1	
Campbell River.....			1	
Chilliwack.....			1	
Courtenay.....			1	
Duncan.....			1	
Haney.....			1	
Langley.....			1	
Nanaimo.....			1	
Port Alberni.....			1	
Port Coquitlam.....			1	
Victoria.....	1		2	
White Rock.....			1	
<b>SOUTH CAROLINA</b>				
Aiken.....			1	
Camden.....			1	1
Columbia.....				1
Dillon.....				1
Mauldin.....				1
Sumter.....				1
<b>NORTH CAROLINA</b>				
Black Mountain.....				1
<b>MONTANA</b>				
Billings.....			15(c)	30
			<u>15(c)</u>	<u>30</u>
			<u>6(d)</u>	<u>16</u>

- (a) Controlled Foods owns the building (which is mortgaged).
- (b) Controlled Foods has an option to purchase one of these properties.
- (c) Of the 15 properties owned, 13 are mortgaged.
- (d) Of the 6 properties owned, 2 are mortgaged.

<b>CAPITALIZATION(1)</b>				
	<u>Authorized or to be authorized</u>	<u>Outstanding on December 31, 1968</u>	<u>Outstanding on March 31, 1969</u>	<u>Outstanding as at March 31, 1969 after giving effect to this financing</u>
<b>LONG TERM DEBT:</b>				
Mortgages of subsidiaries (2):				
Controlled Foods Corporation Limited or its subsidiaries.....	\$ 961,165	\$ 818,446	\$ 800,645	\$ 800,645
Burger Family Inc.....	117,510	110,984	110,984	110,984
Courtenay A & W Drive-In Ltd. or its sub- sidiaries.....	98,500	75,261	74,158	74,158
Notes payable by subsidiaries of Courtenay A & W Drive-In Ltd.				
7% Note payable—due April 1, 1972....	71,000	71,000	71,000	71,000
8½ % Note payable—due April 1, 1972....	150,000	123,750	120,000	120,000
8% Note payable—due December 31, 1973	255,000	255,000	255,000	255,000
Sundry Lien Notes of Subsidiaries due 1969 to 1972.....	—	110,477	94,710	94,710
<b>SHARE CAPITAL:</b>				
Shares without par value.....	4,000,000	2,340,000(3)	2,340,000(3)	2,625,000
		(\$1,542,372)	(\$1,542,372)	(\$3,311,509)

#### NOTES:

- (1) This capitalization table gives effect to the transactions set forth in notes 1 and 2 to the Financial Statements on page 20.
- (2) Reference is made to note 6 to the Financial Statements on page 21 for particulars of these Mortgages.
- (3) The 2,340,000 shares were issued by the Company in consideration for shares of subsidiary companies, cash and certain other assets. The aggregate value attributed to such consideration was \$2,070,922 of which \$1,542,372 has been allocated to paid up capital and \$528,550 has been allocated to retained earnings. For further information see "Interest of Directors and Others in Material Transactions" on page 11 and notes 1 and 2 to the Financial Statements on page 20.
- (4) Reference is made to note 7 to the Financial Statements on page 22 as to information concerning obligations of subsidiary companies arising by virtue of leases on real property.

#### UNDERWRITING

Under an agreement with Burns Bros. and Denton Limited (the "Underwriter") dated June 26, 1969, the Company agreed to sell and the Underwriter, as principal, agreed to purchase all but not less than all of the 285,000 shares offered by this prospectus at a price of \$6.2075 per share or a total of \$1,769,137 payable against delivery of certificates for such shares, subject to the terms and conditions set out in the said agreement and compliance with necessary legal formalities, at a closing to be held on or about July 17, 1969. Under the terms of the agreement the Underwriter was granted an option exercisable at any time within a period of 3 years from the date of the agreement to purchase an additional 21,500 shares at a price of \$6.50 per share.

#### APPLICATION OF PROCEEDS

The net proceeds to be received by the Company from the sale of the 285,000 shares will amount to approximately \$1,684,137 after deduction of expenses.

Approximately \$421,000 of these proceeds will be used to retire bank indebtedness incurred over the last two years for general corporate purposes except to the extent of approximately \$135,000 which was applied to the purchase of the assets of three restaurants and the shares of a subsidiary company.

The remaining proceeds will be added to the cash resources of Controlled Foods and will be available for the expansion and development plans described under "Business". These plans include remodeling of some of the A & W restaurants and the development of additional Burger Family restaurants, coffee shops and Chappy's restaurants.

#### DESCRIPTION OF SHARES

The shares without par value constitute the Company's only class of share capital. Each share carries one vote. All shares rank equally on liquidation and are entitled to participate equally in dividends. The shares offered hereby will be fully paid and non-assessable on completion of this financing. The holders of these shares have no pre-emptive or conversion rights.

## **SHARES HELD IN ESCROW**

There are three escrow agreements to be entered into by various holders of shares in the capital of the Company.

1,217,264 shares in the capital of the Company, representing 52% of the total shares issued and outstanding before this financing and 60% of all the shares beneficially owned by shareholders owning 1% or more of the shares of the Company outstanding at such time will be subject to an escrow agreement to be made by them with The Lincoln Trust and Savings Company, as escrow agent, and Burns Bros. and Denton Limited. Any release of these shares from escrow will be subject to the complete discretion of the Ontario and Quebec Securities Commission and none of these shares may be transferred or pledged within escrow without the prior written consents of such Commissions.

2,028,774 shares in the capital of the Company, representing 86.7% of the total shares issued and outstanding immediately before this financing will also be subject to an escrow agreement to be made by the holders of such shares with The Lincoln Trust and Savings Company, as escrow agent, and Burns Bros. and Denton Limited. These shares to be held subject to this agreement are all the shares beneficially owned by shareholders owning 1% or more of the shares of the Company outstanding immediately before this financing. Subject to any consents required as to shares also affected by the first mentioned agreement, one-half of the said 2,028,774 shares are to be released from escrow at the end of the first year of the escrow agreement and the balance at the end of the second year. Subject to any consents required as aforesaid, any or all of the shares held subject to this agreement may be released from escrow at any time with the consent of Burns Bros. and Denton Limited.

631,799 shares in the capital of the Company, representing 27% of the total shares issued and outstanding before this financing and owned by former shareholders of American subsidiaries of the Company, will be subject to an escrow agreement to be made by them with The Lincoln Trust and Savings Company, as escrow agent, and the Company. These shares may not be released from escrow without the consent of the Company until March 1, 1972. These are also subject to the first two mentioned escrow agreements and any release is also subject to consents required under those agreements.

## **OPTIONS TO PURCHASE SHARES**

As referred to under "Underwriting" on page 7, Burns Bros. and Denton Limited, the Underwriter, has been granted an option to purchase 21,500 shares of the Company at a price of \$6.50 per share exercisable at any time prior to June 26, 1972.

The Company has set aside 130,000 treasury shares for future issue under contemplated stock purchase plans for employees.

## **PRIOR SALES OF SHARES**

On March 31, 1969 the Company issued 49,141 shares to Ross James Turner and 21,060 shares to Arthur Edward Kruger for a cash consideration of \$3.49 per share.

Since the incorporation of the Company a total of 2,269,799 shares have been issued as a result of the acquisition by the Company of all the issued shares of subsidiary companies as set out under "Interest of Directors and Others in Material Transactions" on Page 11. The net book value of the assets of the subsidiaries so acquired was equivalent to an average price of \$.80 per share.

## **DIVIDEND POLICY**

The Board of Directors does not at present intend to pay dividends until funds are available for such purpose in excess of those required for expansion of the Company's business.

## **TAX CONSIDERATIONS**

### **United States and Canadian Income Taxes**

The Company is a domestic United States corporation the control and management of which is situated in Canada. As such, it is subject to the income tax laws of both Canada and the United States. Under present law and based on the presently contemplated operations of the Company and its subsidiaries, this dual tax status will not significantly increase its overall (Canadian and United States) Federal income tax burden over what it would have to pay if it were a Canadian corporation. However, future changes in tax laws or the nature of the Company's activities could result in such income taxes being higher than if the Company were subject to tax as a resident in only one jurisdiction.

Under the Income Tax Act (Canada) individual shareholders of the Company resident in Canada will be entitled to the dividend tax credit at the rate of 20% provided for under Section 38 of the Act on dividends received from the Company. Canadian corporate shareholders will generally be entitled to deduct the amount of any such dividends in determining their taxable income under the Act.

Shareholders of the Company who are neither citizens nor residents of the United States will not be subject to United States Federal income taxes on dividends paid by the Company, so long as the Company's gross income from United States sources is less than 20% of its total gross income for the three-year period ending with the close of the taxation year immediately preceding the declaration of such dividends or for such part of such period as the Company shall have been in existence. The Company presently intends to conduct its business so as to derive less than 20% of its gross income in each taxation year from sources within the United States, but no assurance is given that the Company might not change this policy in the future. If dividends of the Company become subject to United States Federal income tax, such tax would be withheld, in the case of Canadian shareholders, at the rate of 15% and it is doubtful whether such shareholders would be entitled to a credit for such United States tax against their Canadian income taxes.

If, in the future, the United States operations of Controlled Foods become more extensive than its Canadian operations, the control and management of the Company could be shifted to the United States. If this step were taken, individual shareholders resident in Canada would no longer be entitled to the dividend tax credit on dividends paid by the Company and Canadian corporate shareholders would become taxable in Canada on such dividends. Canadian shareholders would, however, be entitled, subject to certain limitations, to a credit for United States taxes withheld from such dividends.

#### Estate Taxes

Shares of stock of the Company held by a person who at the time of his death is not a citizen or resident of the United States will not be subject to United States Federal estate tax so long as the Company derives less than 20% of its total gross income for the three taxable years preceding the year of death, or such lesser period as may have elapsed since its incorporation, from sources within the United States. If the Company fails to satisfy such requirement, its shares will be subject to United States Federal estate tax on the death of any such shareholder to the extent that the aggregate value of the property of such deceased shareholder situated in the United States exceeds \$30,000. The United States Federal estate tax rates are graduated, depending upon the value of the deceased shareholder's United States property, up to a maximum rate of 25%. Any United States estate tax payable with respect to shares of the Company may be applied as a credit against Canadian Federal estate tax, subject to the limits prescribed by the Canadian Estate Tax Act.

#### PRINCIPAL HOLDERS OF SECURITIES

The following are the names and addresses of all the persons who to the knowledge of the Company own directly or indirectly, beneficially or of record more than 5% of the issued shares of the Company.

Name and Address	Designation of Class	Type of Ownership	Number of Shares Owned	Percentage of Class
RICHARD FREDERICK BOLTE 417 Bower Boulevard Winnipeg, Manitoba	Shares without par value	beneficial of record beneficial (2)	210,053 175,442	8.98% 7.50%
DAVID WYNN THOMAS 1015 David Street Niagara Falls, Ontario	Shares without par value	beneficial (3)	140,230	5.99%
KENNETH ALFRED FOWLER R.R. #3 St. Catharines, Ontario	Shares without par value	beneficial of record of record only (4)	231,730 18,438	9.90% .79%
LEROY EARL FULLER 3490 Cypress Street Vancouver 9, British Columbia	Shares without par value	beneficial of record beneficial (5)	69,869 458,797	2.99% 19.61%
JERROLL RUSSELL JOHNSTON 20241 Ruston Road Woodland Hills, California	Shares without par value	beneficial of record	172,211	7.36%

**NOTES:**

- (1) All of the shares shown above are held by the escrow agent under one or more of the escrow agreements referred to under "Shares held in Escrow" on page 8.
- (2) These shares are owned by Livingston Park Limited, a company controlled by Mr. Bolte.
- (3) These shares are owned by Thomas and Alt Limited, a company controlled by Mr. Thomas.
- (4) These shares are held by Mr. Fowler and William Smiley, subject to one or more of the escrow agreements referred to in note (1) above, in trust for the children of Mr. Fowler.
- (5) These shares are owned by A & W Drive-Inn (Calgary Trail) Ltd., A & W Drive-Inn (Jasper Place) Ltd., A & W Drive-Inn (Kingsway) Ltd., A & W Drive-Inn (101st Street) Ltd., A & W Drive-Inn (Beverly) Ltd., A & W Drive-Inn (Whyte Avenue) Ltd., A & W Drive-Inn (Highlands) Ltd., A & W Drive-Inn (97 Street) Ltd., and A & W Management (Edmonton) Ltd. all of which are controlled by Mr. Fuller.

The directors and senior officers of the Company, as a group, beneficially own, directly or indirectly 68.22% of the shares of the Company.

### DIRECTORS AND OFFICERS

<u>Name and Address</u>	<u>Position</u>	<u>Principal Occupation</u>
DAVID WYNN THOMAS 1015 David Street Niagara Falls, Ontario	Chairman of the Board and Director	Chairman of the Board
RICHARD FREDERICK BOLTE* 417 Bower Boulevard Winnipeg, Manitoba	President and Director	President and Chief Executive Officer
JAMES ALFRED COX* 7911 93B Avenue Edmonton, Alberta	Executive Vice-President, Secretary and Director	Executive Vice-President and Secretary
KENNETH ALFRED FOWLER R.R. #3 St. Catharines, Ontario	Vice-President and Director	Vice-President
LEROY EARL FULLER 3490 Cypress Street Vancouver 9, British Columbia	Vice-President and Director	Vice-President
DONALD JOSEPH DAL BIANCO* 91 Marsdale Drive St. Catharines, Ontario	Treasurer and Director	Treasurer
RAY COYE BASS Apt. 17H, Woodmeyere Apartments Highway I-26 Columbia, South Carolina	Director	Executive Vice-President and Chairman of the Board of Chappy's Enterprises, Inc.
JOHN THOMAS BURNETT 1524 Woodland Boulevard Niagara Falls, Ontario	Director	Barrister and Solicitor
JERROLL RUSSELL JOHNSTON 20241 Ruston Road Woodland Hills, California	Director	President of Burger Family Inc.
JOSEPH CLEMENT MURPHY 278 Lytton Boulevard Toronto 12, Ontario	Director	Director, Burns Bros. and Denton Limited
ROSS JAMES TURNER 1407 Chartwell Drive West Vancouver, British Columbia	Director	Executive Vice-President of Neonex International Ltd.
PETER DALE MAGNUS 317 Kelvin Blvd. Winnipeg, Manitoba	Director of Planning	Director of Planning

\*Members of the Executive Committee

David Wynn Thomas, Chairman of the Board, for the past 11 years has been President and chief executive officer of a number of private companies which operated A & W drive-in restaurants located primarily in the Niagara Peninsula. Prior to entering the fast food business, Mr. Thomas had 20 years experience in the purchasing and distribution of fruit and vegetables for Safeway Stores and Scott Fruit Co. in Western Canada.

Richard Frederick Bolte, President and chief executive officer of the Company, started in the fast food business in 1953 as a restaurant operator. In 1956 he acquired the A & W franchise for Canada, and established his home office in Winnipeg. From this base Mr. Bolte developed a chain of A & W franchised restaurants which now number more than 200 across Canada. After selling his A & W interests to United Fruit Company in 1966, Mr. Bolte remained as President until 1967 when he left to establish his own restaurant franchise and operating business which ultimately developed into Controlled Foods International Ltd.

James Alfred Cox, Executive Vice-President and Secretary, is a Barrister and Solicitor who for the past 15 years has been engaged in the practice of law in the City of Edmonton, Alberta.

Kenneth Alfred Fowler, Vice-President, for the past 10 years has been President of a number of private companies which operated A & W drive-in restaurants mainly in Eastern Ontario. In addition to his involvement in restaurant operations Mr. Fowler has been active in real estate and construction ventures.

LeRoy Earl Fuller, Vice-President, for the past 12 years has been President of a number of private companies which operated A & W drive-in restaurants in Edmonton, Alberta, and since 1968, in British Columbia.

Donald Joseph Dal Bianco, Treasurer, is a Chartered Accountant and was employed by a national firm of Chartered Accountants from 1960 until he joined Controlled Foods in 1968.

Ray Coye Bass, a Director, was President of Root Beer Drive-In Inc. in 1963 and 1964 and since then has been President of South Carolina Drive-Ins, Inc. and A & W Soda Shops, Inc.

John Thomas Burnett, a Director, is a Barrister and Solicitor, who has practised law in the Province of Ontario since 1958. He is also a Director and the Secretary of The Lincoln Trust and Savings Company.

Jerroll Russell Johnston, a Director, is also the President of Burger Family, Inc., a wholly-owned subsidiary, with which he has been involved for the last 9 years. Mr. Johnston was the creator of "the Burger Family" name.

Joseph Clement Murphy, a Director, was appointed to the board of Burns Bros. and Denton Limited on March 31, 1968 and for 5 years prior to such time was an employee of such company.

Ross James Turner, a Director, was formerly Executive Vice-President of BACM Industries Limited with which he was associated for more than 5 years and is now Executive Vice-President of Neonex International Ltd. where he is responsible for corporate operations.

Peter Dale Magnus, Director of Planning, is a Chartered Accountant and was formerly the Comptroller for a Winnipeg-based group of companies engaged in real property development and management and from 1960 to 1966 was employed with a national firm of chartered accountants.

## **REMUNERATION OF SENIOR OFFICERS AND DIRECTORS**

The aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers of the Company from January 1, 1969 to March 31, 1969 was \$50,992. The Company estimates that during its first financial year ending December 31, 1969, the Company and its subsidiaries will pay to the directors and senior officers of the Company aggregate direct remuneration of not more than \$225,000. Reference is made to a compensation agreement between the Company and certain officers and employees described in item 2 under "Material Contracts".

## **INTEREST OF DIRECTORS AND OTHERS IN MATERIAL TRANSACTIONS**

As set out under "Corporate History" on page 3, the Company, since its incorporation, has acquired all of the outstanding shares of its three principal subsidiaries, Burger Family, Inc. ("Burger Family"), Controlled Foods Corporation Limited ("Controlled Foods Corporation") and Courtenay A & W Drive-In Limited ("Courtenay").

In addition, as part of its acquisition of Burger Family, the Company caused that company to purchase all of the shares of two South Carolina companies and certain land. Prior to these acquisitions, the companies and assets acquired were owned in whole or in part by directors of the Company, or persons who became directors, together with members of their families and companies in which they had substantial interests (herein referred to as "associates").

On the share acquisitions, the consideration paid to the vendors consisted entirely of shares of the Company. The number of shares issued, in the case of Burger Family and the two South Carolina companies, was determined by negotiation between the parties. On the Controlled Foods Corporation and Courtenay transactions, the number of shares issued was fixed on the basis of the relative values of the Company and the company acquired determined on the basis of projected 1969 earnings. A dollar consideration was not ascribed to the shares issued by the Company on these transactions.

The land acquired by the Company was purchased by Mr. R. C. Bass, a director, in 1967, for \$119,000 and was sold to the Company on March 31, 1969 for \$157,500, of which \$111,000 was paid by the assumption of existing mortgages and the balance of \$46,500 by the issue of 13,289 shares of the Company at an issue price of \$3.49 per share.

Set out hereunder is the number of shares of the Company issued on each of these transactions together with the number of shares received by each director and his associates.

<u>Transaction</u>	<u>Total Number of Shares Issued</u>	<u>Director (including associates) Receiving Shares</u>	<u>Number of Shares</u>
Acquisition of Burger Family.....	565,704	R. F. Bolte J. R. Johnston	363,417 172,211
Acquisition of two South Carolina companies.....	52,806	R. C. Bass	52,806
Acquisition of land.....	13,289	R. C. Bass	13,289
Acquisition of Controlled Foods Corporation.....	1,498,212	D. J. Dal Bianco R. F. Bolte J. T. Burnett J. A. Cox K. A. Fowler L. E. Fuller D. W. Thomas	5,883 22,078 13,170 117,180 252,168 453,048 177,807
Acquisition of Courtenay.....	139,788	L. E. Fuller	85,296

In addition, as set out under "Prior Sales of Shares" the Company issued 49,141 shares to Mr. R. J. Turner, a director, for a cash consideration of \$3.49 per share.

Prior to their acquisition by the Company, Controlled Foods Corporation and Courtenay entered into various transactions in which the directors of the Company and their associates had interests. As a result of these transactions various directors of the Company and their associates acquired the shares of Controlled Foods Corporation and Courtenay which they subsequently exchanged for shares of the Company.

Controlled Foods Corporation was formed on December 31, 1968 by the amalgamation of 11 Ontario corporations which operated 23 drive-in restaurants and which were controlled by Mr. D. W. Thomas and Mr. K. A. Fowler and their associates. Mr. J. T. Burnett also held shares in one company. Under the terms of the amalgamation agreement the shareholders of the amalgamating companies received shares of Controlled Foods Corporation in place of their share holdings in the amalgamating companies. Additional shares of Controlled Foods Corporation were issued subsequently to satisfy indebtedness of Controlled Foods Corporation to its shareholders.

Prior to the amalgamation and during the period of three years preceding the date of this prospectus Mr. Thomas and Mr. Fowler and their associates sold assets in which they had interests to certain of the amalgamating companies for considerations consisting of shares or indebtedness of such companies and the assumption of liabilities.

On January 15, 1969 Controlled Foods Corporation acquired the assets of 12 Alberta companies operating 9 drive-in restaurants. Ten of these companies were wholly-owned by Mr. L. E. Fuller, a director of the Company, and his associates. Mr. J. A. Cox, also a director, had a share interest in the other two companies. The purchase price in the amount of \$2,571,463 was satisfied to the extent of \$856,581 by the assumption of liabilities and as to the balance of \$1,714,882 by the issue of shares of Controlled Foods Corporation. The portion of the indebtedness assumed which was owing to shareholders was subsequently satisfied by the issue of further shares of Controlled Foods Corporation to such shareholders. Mr. Fuller subsequently transferred an interest in certain of his shares of Controlled Foods Corporation to Mr. Cox.

On April 9, 1969 Controlled Foods Corporation also acquired the shares of two further companies, operating 3 restaurants, in which Messrs. Fuller, Bolte and Cox, directors of the Company, or their associates, had share interests. Shares of Controlled Foods Corporation were issued to satisfy the purchase price and further shares were subsequently issued in satisfaction of shareholder loans.

Shares of Controlled Foods Corporation were issued on March 26, 1969 to Mr. J. T. Burnett and Mr. D. J. Dal Bianco, directors of the Company, for a cash consideration of \$1.00 per share, or the equivalent of \$3.40 for each share of the Company for which they were subsequently exchanged.

The shares of Courtenay were acquired in July, 1968 by a company wholly-owned by Mr. L. E. Fuller at a price of \$4,000. Subsequently Courtenay acquired 11 drive-in restaurants plus certain land and 50% interests in two companies operating two additional restaurants for a consideration of \$1,142,000 of which \$871,000 was paid by the assumption or creation of liabilities and the balance in cash. The cash portion of the purchase price was advanced to Courtenay by Mr. Fuller and his associates and subsequently satisfied by the issue of shares of Courtenay.

Mr. K. A. Fowler has a 50% interest in Trendline Construction Limited, a company which has carried out, and it is expected will continue to carry out, certain construction work for various subsidiaries of the Company.

Mr. J. T. Burnett is a partner in the legal firm of Broderick, Burnett, McLeod and Clifford, Niagara Falls, which has and will continue to provide legal services to the Company and its subsidiaries.

Mr. J. C. Murphy, a director of the Company, is a director and shareholder of Burns Bros. and Denton Limited, the Underwriter referred to under "Underwriting" on page 7, and as such has an interest in the underwriting agreement referred to under such heading.

### **MATERIAL CONTRACTS**

The following are the particulars of material contracts which the Company or its subsidiaries have entered into in the past two years:

1. Agreement dated June 26, 1969, between the Company and Burns Bros. and Denton Limited referred to under "Underwriting" on page 7.
2. Agreement dated April 24, 1969 between the Company and Messrs. Bolte, Thomas, Fuller, Fowler, Cox, Dal Bianco, Johnston and Bass under which these individuals agreed with the Company and themselves that the aggregate amount of the remuneration to be paid to the directors and senior officers of the Company and the individuals party to the agreement until December 31, 1970 would not exceed \$225,000 per annum.
3. Agreements dated April 23, 1969, between the Company and all of the shareholders of Controlled Foods Corporation Limited at that date under which the Company acquired all the issued and outstanding shares of Controlled Foods Corporation Limited in exchange for 1,498,212 fully paid and non-assessable shares of the Company issued to the shareholders of Controlled Foods Corporation Limited in accordance with their respective holdings.

4. Agreement dated April 23, 1969 between the Company and all of the shareholders of Courtenay A & W Drive-In Ltd. under which the Company acquired all of the outstanding shares of Courtenay A & W Drive-In Ltd. in consideration of 139,788 shares of the Company.

5. Agreements dated April 23, 1969 between Courtenay A & W Drive-In Ltd. and the remaining shareholders of Langley A & W Drive-In Ltd. and Chilliwack A & W Drive-In Ltd. under which Courtenay A & W Drive-In Ltd. acquired the remaining shares of these companies.

6. Agreement dated April 9, 1969 between Controlled Foods Corporation Limited and all the shareholders of Buffalo Bill Steak Village Ltd. under which Controlled Foods Corporation Limited acquired all of the issued and outstanding shares of Buffalo Bill Steak Village Ltd.

7. Agreement dated April 9, 1969 between Controlled Foods Corporation Limited and all of the shareholders of A & W Drive-In (Sherbrooke) Limited under which Controlled Foods Corporation Limited acquired all of the issued and outstanding shares of A & W Drive-In (Sherbrooke) Limited.

8. Agreement dated March 31, 1969 between the Company and Ray C. Bass under which the Company through its subsidiary, Burger Family, Inc., acquired from Mr. Bass all of the issued and outstanding shares of South Carolina Drive-Ins, Inc., A & W Soda Shops, Inc., and 3 parcels of land in exchange for 66,095 shares of the Company.

9. Agreement dated March 15, 1969, between the Company and Richard F. Bolte, Livingston Park Limited, Jerroll R. Johnston and William Harrison under which the Company acquired all of the issued and outstanding shares of Burger Family, Inc., in consideration of the issuance to Livingston Park Limited and Messrs. Bolte, Johnston and Harrison of a total of 565,704 shares of the Company. Livingston Park Limited, a company wholly owned by Mr. Bolte, paid \$106,100 (U.S.) within the last 2 years for its shares in Burger Family, Inc.

10. Agreements dated January 15, 1969 between Controlled Foods Corporation Limited and A & W Management (Edmonton) Ltd., A & W Drive-Inn (Highlands) Ltd., A & W Drive-Inn (Calgary Trail) Ltd., A & W Drive-Inn (Jasper Place) Ltd., A & W Drive-Inn (97 Street) Ltd., A & W Drive-Inn (Kingsway) Ltd., A & W Drive-Inn (101st Street) Ltd., A & W Drive-Inn (109 Street) Ltd., A & W Drive-Inn (Beverly) Ltd., A & W Drive-Inn (Whyte Ave.) Ltd., Checker Board Drive-In Ltd. and Voyageur Holdings Ltd. under which Controlled Foods Corporation Limited acquired all the assets (other than the shares of Courtenay A & W Drive-In Ltd. and A & W Drive-In (Sherbrooke) Ltd.) and assumed the liabilities of these companies.

11. Agreement dated January 2, 1969 between Controlled Foods Corporation Limited, Edward Joseph Escaf, Frederick Escaf and Wellington Hotel Holdings Limited, under which Controlled Foods Corporation Limited purchased all the issued and outstanding shares of The Country Fare Restaurant Limited for approximately \$19,000.

12. Agreement dated December 29, 1968 between Controlled Foods Limited and Paul McMurray and McMurray's Restaurant Limited under which Controlled Foods Corporation Limited acquired two drive-in restaurants including land in St. Catharines and a lease in Oshawa for \$225,000.

13. Agreement dated December 17, 1968 between A & W Drive-In (Dundas St.) Limited, A & W Drive-In (Oakville) Limited, Controlled Foods Limited, Ferry Foods Limited, Lakeshore Drive-In Limited, Little Caesar's Pizzeria Limited, Mark I Drive-In Limited, St. Lawrence Drive-Ins Limited, Thomas Administration Services Limited, Trifor Limited and Woodstock Drive-In Limited in which these companies agreed to amalgamate under the provisions of The Corporations Act (Ontario) and to continue under the name of "Controlled Foods Corporation Limited".

14. Agreements dated July 5, 1968 and July 25, 1968 entered into in various combinations by LeRoy E. Fuller, Associated A & W Drive-Ins Ltd., Nanaimo A & W Drive-In Ltd., A & W Management (Edmonton) Ltd., Courtenay A & W Drive-In Ltd., Diversified Developments Limited, White Rock A & W Drive-In Ltd., Victoria A & W Stores Ltd., Abbotsford A & W Drive-In Ltd. and Ronald M. Komarnisky under which A & W Management (Edmonton) Ltd. acquired from Associated A & W Drive-In Ltd. for \$4,000 the issued and outstanding shares of Courtenay A & W Drive-In Ltd. and Courtenay A & W Drive-In Ltd. acquired the assets of 11 drive-in restaurants from companies controlled by Ronald M. Komarnisky. Courtenay A & W Drive-In Ltd. also acquired from Nanaimo A & W Drive-In Ltd. 50% of the issued and outstanding shares of Langley A & W Drive-In Ltd. for \$31,000 and 50% of the issued and outstanding shares of Chilliwack A & W Drive-In Ltd. for \$40,000.

Copies of the foregoing agreements may be inspected during ordinary business hours at the chief administrative offices of the Company, 2727 Portage Avenue, Winnipeg, Manitoba, while the shares offered by this prospectus are in the course of primary distribution to the public and for a period of thirty days thereafter.

### **SPONSORS**

Richard F. Bolte, President and Chief Executive Officer of the Company, D. Wynn Thomas, Chairman of the Board, and LeRoy E. Fuller and Kenneth A. Fowler, Vice-Presidents, are considered to be sponsors of the Company. Reference is made to the information under "Interest of Directors and Others in Material Transactions" on page 11.

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Company are Clarkson, Gordon & Co., 36 James Street South, Hamilton, Ontario.

The registrar of the Company's shares is Canada Permanent Trust Company, 320 Bay Street, Toronto, Ontario.

The shares of the Company are transferable at the principal offices of Canada Permanent Trust Company in Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax.

### **LEGAL OPINIONS**

Legal matters in connection with the issue of the shares will be passed on by Messrs. Broderick, Burnett, McLeod and Clifford, Niagara Falls, Ontario, on behalf of the Company, and by Messrs. Tory, Tory, DesLauriers & Binnington, Toronto, Ontario on behalf of the Underwriter.

Both counsel will rely, as to matters of United States law, including the due incorporation and organization of the Company and the validity of the issuance of the shares offered hereby, on the opinion of Messrs. Elam, Burke, Jeppesen and Evans, Boise, Idaho, and as to United States tax matters discussed under "Tax Considerations", on the opinion of Messrs. White & Case, New York, New York.

**CONTROLLED FOODS INTERNATIONAL LTD.**

(and its wholly owned subsidiaries)

**Pro Forma Consolidated Balance Sheets**

**December 31, 1968**

	<b>Assets</b>	Pro forma consolidated balance sheet "A" (note 2(a))	Pro forma consolidated balance sheet "B" (note 2(b))
<b>CURRENT:</b>			
Cash.....	\$ 387,521	\$ 1,835,508	
Marketable securities—at cost (market value \$19,245).....	24,931	24,931	
Accounts receivable .....	340,536	340,536	
Due from shareholders (of which \$487,500 have been paid by June 25, 1969).....	516,330	516,330	
Inventory—at the lower of cost and net realizable value.....	201,743	201,743	
Prepaid expenses and deposits.....	159,348	159,348	
	<hr/> 1,630,409	<hr/> 3,078,396	
<b>FIXED (note 5):</b>			
Buildings, equipment and leasehold improvements.....	2,864,354	2,864,354	
Less accumulated depreciation and amortization.....	943,460	943,460	
	<hr/> 1,920,894	<hr/> 1,920,894	
Land.....	832,071	832,071	
	<hr/> 2,752,965	<hr/> 2,752,965	
<b>OTHER:</b>			
Franchises, at cost less amortization (note 8).....	534,878	534,878	
Deferred finance charges.....	23,647	23,647	
	<hr/> 558,525	<hr/> 558,525	
	<hr/> \$4,941,899	<hr/> \$6,389,886	

**CONTROLLED FOODS INTERNATIONAL LTD.**

(and its wholly owned subsidiaries)

**Pro Forma Consolidated Balance Sheets**

**December 31, 1968**

	<b>Liabilities</b>	Pro forma consolidated balance sheet "A" (note 2(a))	Pro forma consolidated balance sheet "B" (note 2(b))
<b>CURRENT:</b>			
Bank loan.....	\$ 236,150	—	—
Accounts payable and accrued charges.....	754,368	754,368	754,368
Income and other taxes payable.....	315,541	315,541	315,541
Current portion of long term debt.....	256,954	256,954	256,954
	<hr/>	<hr/>	<hr/>
	1,563,013	1,326,863	1,326,863
<b>LONG TERM DEBT (note 6).....</b>	<b>1,564,918</b>	<b>1,564,918</b>	<b>1,564,918</b>
Less current portion.....	256,954	256,954	256,954
	<hr/>	<hr/>	<hr/>
	1,307,964	1,307,964	1,307,964
<b>SHAREHOLDERS' EQUITY:</b>			
Capital stock—			
Authorized:			
4,000,000 shares without par value			
Issued:			
2,340,000 shares (note 1).....	1,542,372	1,542,372	1,542,372
2,625,000 shares (note 9).....	3,311,509	3,311,509	3,311,509
Retained earnings.....	528,550	443,550	443,550
	<hr/>	<hr/>	<hr/>
	2,070,922	3,755,059	3,755,059
On behalf of the Board:			
(Signed) J. A. Cox, Director			
(Signed) W. THOMAS, Director			
	<hr/>	<hr/>	<hr/>
	\$4,941,899	\$6,389,886	\$6,389,886
	<hr/>	<hr/>	<hr/>

**CONTROLLED FOODS INTERNATIONAL LTD.**

**Statement of Consolidated Retained Earnings (note 2(d))**  
**For the Five Years Ended December 31, 1968**

	Years ended December 31				
	1964	1965	1966	1967	1968
Retained earnings beginning of year.....	\$ 24,212	\$ 99,794	\$184,390	\$397,478	\$643,756
<b>Consolidated net earnings:</b>					
Combined net earnings.....	193,972	219,130	349,501	367,374	620,154
Less amounts included therein which are applicable to companies whose assets (as distinct from shares) were acquired (note 2(d)).....	75,371	98,871	119,239	105,596	265,290
	118,601	120,259	230,262	261,778	354,864
	142,813	220,053	414,652	659,256	998,620
<b>Deduct:</b>					
Dividends.....	43,019	35,663	17,174	15,500	
Distributed to former shareholder pursuant to section 99 of The Corporations Act (Ontario).....					79,749
Goodwill written off.....					349,321
Reorganization and amalgamation expenses, less applicable income taxes recoverable \$16,800.....					41,000
	43,019	35,663	17,174	15,500	470,070
Retained earnings end of year.....	<u>\$ 99,794</u>	<u>\$184,390</u>	<u>\$397,478</u>	<u>\$643,756</u>	<u>\$528,550</u>

**CONTROLLED FOODS INTERNATIONAL LTD. (note 1)**

**Statement of Combined Earnings of Constituent Businesses  
for the Five Years Ended December 31, 1968**

	Years ended December 31				
	1964	1965	1966	1967	1968
Sales.....	\$5,444,484	\$6,296,857	\$8,478,570	\$10,296,381	\$11,411,639
Cost of goods sold.....	2,419,490	2,625,863	3,480,029	4,138,488	4,472,968
Gross margin.....	3,024,994	3,670,994	4,998,541	6,157,893	6,938,671
Expenses:					
Operating expenses other than those noted below.....	2,398,329	2,949,308	3,925,018	5,005,555	5,458,591
Depreciation and amortization of fixed assets	123,812	140,074	187,505	215,381	270,770
Interest—					
Long term debt.....	46,880	48,535	56,218	60,178	94,767
Other.....	18,962	17,022	11,442	30,001	24,019
	2,587,983	3,154,939	4,180,183	5,311,115	5,848,147
Other income:					
Gain on sale of fixed assets.....	29,825	7,029	23,590	485	1,440
Sundry.....	32,546	35,044	38,301	62,104	52,050
	62,371	42,073	61,891	62,589	53,490
Earnings before executive remuneration and taxes	499,382	558,128	880,249	909,367	1,144,014
Executive remuneration (note 2(c)).....	203,332	210,202	332,020	366,010	141,293
Income taxes (notes 2(c) and 3).....	102,078	128,796	198,728	175,983	382,567
Combined net earnings (note 4).....	\$ 193,972	\$ 219,130	\$ 349,501	\$ 367,374	\$ 620,154
					(see note 2(c))

# CONTROLLED FOODS INTERNATIONAL LTD.

## Notes to Financial Statements December 31, 1968

### (1) ACQUISITIONS AND ACCOUNTING TREATMENT

Trivet International Ltd. was incorporated on February 20, 1969 under the laws of the State of Delaware, U.S.A. As of April 29, 1969 the name of the company was changed to Controlled Foods International Ltd. (C.F.I.L.). It is proposed that the company will operate only in Canada holding the shares of other Canadian and United States corporations and will qualify for Canadian income tax purposes as a resident corporation.

On various dates in 1969 (prior to April 29), C.F.I.L. entered into the following transactions:

- (a) Acquired in exchange for the issue of 573,495 shares all the outstanding shares of Burger Family Inc. (Idaho), South Carolina Drive-Ins Inc. and A & W Soda Shops Inc. together with certain lands.
- (b) Issued 63,722 shares for \$245,330.
- (c) Subdivided the above mentioned 637,217 shares into 702,000 shares and increased its authorized capital to 4,000,000 shares.
- (d) Acquired in exchange for 1,638,000 subdivided shares, all of the outstanding shares of Controlled Foods Corporation Limited (Ontario) and Courtenay A & W Drive-In Ltd. (British Columbia).

Controlled Foods Corporation Limited (C.F.C.L.) represents an amalgamation of eleven companies operating drive-in restaurants in Southern Ontario, effected by letters patent dated December 31, 1968. Since that date this company has acquired all of the outstanding shares of a company operating in Western Canada and a company operating in Quebec and the assets and undertaking of nine drive-in restaurants operating principally in Western Canada. In 1969 and prior to the acquisition by C.F.I.L., C.F.C.L. converted 9,080 \$10 par value of its preference shares to 90,800 of its common shares, and issued 409,149 common shares in consideration for the cancellation of an obligation of \$409,149 due to shareholders and issued 71,000 common shares for \$71,000 cash.

Courtenay A & W Drive-In Ltd. and its wholly-owned subsidiaries operate 13 drive-ins in British Columbia. In 1969 and prior to the acquisition by C.F.I.L. Courtenay issued 13,668 common shares in consideration for the cancellation of an obligation of \$157,176 due to shareholders.

All of the C.F.I.L. acquisitions referred to above have been effected by means of the issue of shares. The assets and liabilities of the constituent companies have been combined in the accompanying balance sheets on a "pooling of interests" basis, the assets being included at the values recorded in the accounts of those companies. The acquisition of all of the outstanding shares of a company operating in Southern Ontario and the cost of the assets and undertaking of three additional restaurants acquired, principally for cash, by a subsidiary company have been accounted for as "purchases".

### (2) FINANCIAL STATEMENT PRESENTATION

#### (a) Pro forma consolidated balance sheet "A"

Pro forma consolidated balance sheet "A" reflects the following transactions referred to in note (1) as though they had occurred at December 31, 1968:

- (i) The acquisition of the businesses for the issue of the shares (as referred to in notes 1(a) and 1(d)).
- (ii) The issue of 63,722 shares by C.F.I.L. for \$245,330.
- (iii) The subdivision of the shares.

#### (b) Pro forma consolidated balance sheet "B"

Pro forma consolidated balance sheet "B" reflects, in addition to the transactions referred to above, the issue and sale to Burns Bros. and Denton Limited of 285,000 shares for \$1,769,137 under an underwriting agreement dated June 26, 1969, the provision of \$85,000 for expenses in connection with the issue (deducted from retained earnings) and the application of the remainder of the proceeds, \$1,684,137, to repay amounts due to bankers and to augment the cash resources of the company.

#### (c) Statement of combined earnings—

The statement of combined earnings includes the operating results of the constituent businesses referred to above. Almost all of these businesses were private companies owned by their former directors and officers whose remuneration varied from year to year and was not indicative of the remuneration that will be paid to executive officers of the combined group of companies in 1969 and future years. The total executive remuneration payable to the executives of the constituent businesses under compensation agreements effective for 1969 and 1970 will amount to not more than \$225,000 per annum.

The provision for income taxes reflected in the accompanying statement of combined earnings represents the amounts recorded in the accounts of the companies, which in many cases are computed on the basis that the companies were not "associated" for income tax purposes. Furthermore, no account is taken of income taxes payable or recoverable with respect to income or losses of certain partnerships included in the statement of combined earnings. For these reasons the income taxes deducted are not indicative of the amounts that would have been payable had the present relation between the companies and partnerships existed throughout the period.

Had the executive remuneration paid in 1968 amounted to \$225,000 instead of the amount of \$141,293 actually paid, the combined earnings before income taxes would have been reduced by \$83,707. After deducting income taxes appropriate to these earnings on the basis that all of the companies were "associated" for income tax purposes the combined net earnings after taxes would have amounted to \$442,014 rather than the amount of \$620,154 shown in the statement of combined earnings.

(d) Statement of consolidated retained earnings—

The statement of consolidated retained earnings includes the retained earnings of all companies acquired in exchange for treasury shares. It excludes the retained earnings of companies whose assets (as distinct from shares) were acquired as well as the retained earnings of one company whose shares were acquired for cash.

Balance Sheets and earnings of U.S. companies are included on the basis of U.S. \$1 = Cdn. \$1.08.

(3) LOSSES AVAILABLE FOR TAX PURPOSES.

Certain subsidiaries have incurred losses in 1968 and prior years, aggregating \$110,000, which are available for deduction from future taxable income in the respective companies, within the limitations prescribed by The Income Tax Act.

(4) ADJUSTMENT FROM REPORTED EARNINGS

In certain cases retained earnings include adjustments relating to the earnings of prior years. Where significant, these adjustments have been reflected in the statement of combined earnings in the years to which they relate.

(5) FIXED ASSETS

Fixed assets are valued at cost to the consolidated companies. The major categories of depreciable assets are as follows:

	Cost	Accumulated depreciation and amortization	Net value
Buildings . . . . .	\$ 937,496	\$117,033	\$ 820,463
Equipment, fencing and paving . . . . .	1,581,546	734,940	846,606
Automotive . . . . .	21,021	7,357	13,664
Leasehold improvements . . . . .	324,291	84,130	240,161
	<u>\$2,864,354</u>	<u>\$943,460</u>	<u>\$1,920,894</u>

(6) LONG TERM DEBT

This consists of:

	Total debt	Portion due within one year	Long term portion
<b>Mortgages of Controlled Foods Corporation Limited or its wholly owned subsidiaries—</b>			
7% first mortgage due May 15, 1969 . . . . .	\$ 4,790	\$ 4,790	Nil
12% chattel mortgage due August 15, 1970 . . . . .	43,500	3,511	\$ 39,989
8% first mortgage due March 15, 1971 . . . . .	35,850	1,794	34,056
7% first mortgage due March 31, 1971 . . . . .	33,750	15,000	18,750
8½% second mortgage due May 15, 1971 . . . . .	28,196	765	27,431
7% second mortgage due May 15, 1971 . . . . .	2,895	1,140	1,755
8% second mortgage due July 1, 1971 . . . . .	80,000	15,000	65,000
7½% first mortgage due August 15, 1971 . . . . .	32,858	1,876	30,982
7½% second mortgage due November 23, 1971 . . . . .	16,000	4,800	11,200
7% first mortgage due February 15, 1972 . . . . .	13,696	2,121	11,575
9% first mortgage due July 1, 1972 . . . . .	38,063	1,520	36,543
7% first mortgage due August 1, 1972 . . . . .	43,000	12,000	31,000
8½% first mortgage due October 1, 1972 . . . . .	76,901	4,461	72,440
10% first mortgage due March 1, 1973 . . . . .	18,875	1,832	17,043
8% second mortgage due January 1, 1974 . . . . .	90,000	8,715	81,285
10% first mortgage due February 1, 1974 . . . . .	125,000	3,280	121,720
7% second mortgage due November 23, 1974 . . . . .	21,300	3,600	17,700
7½% first mortgage due May 15, 1976 . . . . .	41,991	1,254	40,737
7¾% first mortgage due July 28, 1977 . . . . .	71,781	3,650	68,131
	<u>818,446</u>	<u>91,109</u>	<u>727,337</u>

**Mortgages of Burger Family, Inc.—**

7% first mortgage due September 5, 1970 . . . . .	28,252	12,889	15,363
6% first mortgage due July 28, 1972 . . . . .	14,040	2,808	11,232
7% second mortgage due September 1, 1978 . . . . .	27,270	2,320	24,950
7% first mortgage due September 24, 1978 . . . . .	41,422	2,030	39,392
	<u>110,984</u>	<u>20,047</u>	<u>90,937</u>

**Payable by Courtenay A & W Drive-In Ltd. or its wholly owned subsidiaries—**

**Mortgages**

7% first mortgage due December 1, 1975 . . . . .	9,667	1,400	8,267
7% first mortgage due December 1, 1980 . . . . .	27,366	2,300	25,066
10% first mortgage due August 1, 1986 . . . . .	38,228	832	37,396

**Notes Payable**

Composite Investments Ltd. in monthly instalments of \$1,250 plus interest at 8½% per annum due April 1, 1972 . . . . .	123,750	15,000	108,750
D. Mohler in yearly instalments of \$17,750 plus interest at 7% per annum due April 1, 1972 . . . . .	71,000	17,750	53,250
Associated A & W Drive-Ins Ltd. in quarterly instalments of \$15,937 commencing June 1, 1969 plus interest at 8% per annum due December 31, 1973	255,000	47,812	207,188
	<u>525,011</u>	<u>85,094</u>	<u>439,917</u>
	<u>110,477</u>	<u>60,704</u>	<u>49,773</u>
	<u>\$1,564,918</u>	<u>\$ 256,954</u>	<u>\$1,307,964</u>

Owing by various subsidiaries—Lien notes due 1969 to 1972 . . . . .

(7) **COMMITMENTS**

Various subsidiary companies have leases of real property for varying terms up to a maximum of twenty years with rentals varying in some instances, with gross revenues, taxes, insurance and other occupancy charges. Minimum rentals for the succeeding five years are as follows:

1969.....	\$ 328,582
1970.....	320,752
1971.....	312,787
1972.....	304,197
1973.....	285,760
	<u>\$1,552,078</u>

(8) **FRANCHISES**

The cost of franchises is being amortized on a straight-line basis over a ten-year period commencing in 1968.

(9) **STOCK OPTION**

The Underwriter has an option to purchase 21,500 shares at \$6.50 per share at any time to June 26, 1972.

### AUDITORS' REPORT

To the Directors of

CONTROLLED FOODS INTERNATIONAL LTD.:

We have examined pro forma consolidated balance sheet "A" and pro forma consolidated balance sheet "B" of Controlled Foods International Ltd. and its wholly owned subsidiaries as at December 31, 1968 and the related statements of combined earnings of constituent businesses and consolidated retained earnings for the five years then ended. In the case of the company and of those subsidiaries of which we are the auditors, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the subsidiaries of which we are not the auditors.

In our opinion:

- (a) the accompanying pro forma consolidated balance sheet "A" presents fairly the consolidated financial position of the companies as at December 31, 1968 after giving effect to the transactions set out in note 2(a) to the financial statements;
- (b) the accompanying pro forma consolidated balance sheet "B" presents fairly the consolidated financial position of the companies as at December 31, 1968 after giving effect to the transactions set out in notes 2(a) and 2(b) to the financial statements;
- (c) the accompanying statements of combined earnings of constituent businesses and consolidated retained earnings present fairly the combined results of operations of the companies for the five years ended December 31, 1968;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Hamilton, Canada

June 26, 1969

(Signed) CLARKSON, GORDON & Co.

*Chartered Accountants*

## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 63 and 64 of The Securities Act, 1968 (Manitoba), Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), and Sections 63 and 64 of The Securities Act, 1967 (Alberta), provide, in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the aforesaid Acts for the complete text of the provisions under which the foregoing rights are conferred.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice; and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

Toronto, June 26, 1969.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of the Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

(Signed) R. F. BOLTE  
*President and Chief Executive Officer*

(Signed) D. J. DAL BIANCO  
*Treasurer and Chief Financial Officer*

*On behalf of the Board of Directors*

(Signed) J. A. COX  
*Director*

(Signed) W. THOMAS  
*Director*

**Directors**

(Signed) R. F. BOLTE

(Signed) W. THOMAS

(Signed) D. J. DAL BIANCO

(Signed) JOHN BURNETT

(Signed) J. A. COX

(Signed) JERROLL R. JOHNSTON

(Signed) KEN A. FOWLER

(Signed) J. C. MURPHY

(Signed) LEROY E. FULLER

(Signed) R. J. TURNER

(Signed) RAY C. BASS

**Sponsors**

(Signed) W. THOMAS

(Signed) R. F. BOLTE

(Signed) KEN A. FOWLER

(Signed) LEROY E. FULLER

**Underwriter**

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

BURNS BROS. AND DENTON LIMITED

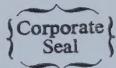
by: (Signed) J. C. MURPHY

The following includes the names of all persons having an interest directly or indirectly to the extent of not less than 5% in the capital of Burns Bros. and Denton Limited: C. F. W. Burns, L. C. Burns, E. S. Miles, D. E. Boxer and P. B. M. Eby.

## CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Controlled Foods International Ltd., hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned Officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

### CONTROLLED FOODS INTERNATIONAL LTD.



Per: "R. F. BOLTE",

President

Per: "J. A. COX",

Executive Vice-President & Secretary

### CERTIFICATE OF UNDERWRITER

To the best of my knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

### BURNS BROS. AND DENTON LIMITED



Per: "F. J. TROOP"

Per: "J. C. MURPHY"

### DISTRIBUTION OF CAPITAL STOCK AS OF JULY 23, 1969

Number	Holders of	1 — 24 share lots	Shares
6			66
71	" "	25 — 99 "	3,435
168	" "	100 — 199 "	17,460
86	" "	200 — 299 "	17,350
30	" "	300 — 399 "	9,125
43	" "	400 — 499 "	17,200
46	" "	500 — 999 "	25,897
92	" "	1000 — up "	2,534,467
<u>542</u>	Shareholders		<u>2,625,000</u>





